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SUBJECT: THAILAND AMBITIOUS ON HONG KONG, BUT WARY

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1. On November 22, Econoff met with Ms. Sirinart Chaimun, Director of the Bureau of Multilateral Trade Negotiations in the Ministry of Commerce to discuss the RTG agenda for the upcoming WTO Ministerial in Hong Kong. The RTG is sending a thirty-plus person team to the Ministerial headed by Deputy Prime Minister for Economic Affairs and Minister of Commerce Somkid Jatusripitak.

2. Econoff briefed Sirinart on strong U.S. ambitions for the upcoming Hong Kong Ministerial per reftel. Sirinart said the RTG had high ambitions as well for Hong Kong and had expected to reach full modality in both agriculture and non-agricultural market access (NAMA). However, the RTG is concerned by recent news of lowered expectations for Hong Kong, and Sirinart warned that without movement on agriculture the RTG did not expect to see movement in other areas. She asked what the USG was prepared to do to move agriculture talks forward and urged the USG to move further on reducing domestic support. Sirinart noted that the RTG also provided domestic support for agriculture but was prepared to sacrifice their support programs for overall success in the Doha Round on agriculture.

3. Sirinart expressed her concern that the cotton subsidy issue would continue to be problematic in agricultural negotiations. Although Thailand is a net importer of cotton and the issue is not a specific priority of theirs, the RTG is concerned that a failure to resolve the issue would affect overall progress in Hong Kong.

4. On market access, Sirinart said the RTG did not support self-declaration of sensitive and special products and supported establishment of clear criteria for choosing sensitive products to be excluded from the tariff reduction formula. The RTG rejects the EU proposal that would exempt eight percent of sensitive tariff lines. RTG priorities for market access include rice, shrimp and manioc (tapioca).

5. Sirinart said the RTG supported the Swiss formula for NAMA, but insisted there should be separate coefficients in the formula for developed and developing countries for calculating reductions in tariff rates. The RTG also supports flexibility in the structure of the tariff reduction formula as laid out in the July 2004 framework. Sirinart said the RTG looked forward to future modification of anti-dumping rules but doubted that the USG would move far in this direction.

6. On services, Sirinart said the RTG did not support the EU's call for mandatory benchmarks for liberalization, but would consider an alternative approach if one were offered. Sirinart noted that the RTG had tabled a revised services offer in Geneva in late October, but had yet to receive any feedback on the offer.

7. Reports of "recalibrating" expectations in the WTO for Hong Kong have confused the RTG as to how they should prepare for the Ministerial. Sirinart mused about the plans for Hong Kong and whether there would be negotiating groups or instead the Ministerial would be reduced to listening to factual reports and establishing working groups for future discussion of the various issues. Although preferring active negotiations, Sirinart wondered if expectations for the Ministerial had fallen so far as to make them unlikely to occur.

8. Sirinart appreciated hearing that the U.S. maintained high ambitions for Hong Kong, but questioned just how far the USG would go to make Hong Kong and the Doha Round a success or whether the USG, too, would "recalibrate" expectations. She expressed her concern that a failure at Hong Kong would damage the credibility of the WTO, and that members would turn towards negotiating bilateral agreements with their trading partners to better achieve their trade goals.

BOYCE